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C O N F I D E N T I A L SECTION 01 OF 02 KABUL 005260

SIPDIS

STATE FOR SA/FO, SA/A, EB
NSC FOR THARRIMAN, KAMEND
TREASURY FOR APARAMESWARAN
COMMERCE FOR AADLER
USAID FOR JPRYOR
USTDA FOR DSTEIN

E.O. 12958: DECL: 12/27/2010

TAGS: [ENRG](#) [EAID](#) [ECON](#) [EFIN](#) [ETRD](#) [AF](#)

SUBJECT: AFGHANISTAN'S WINTER FUEL SHORTAGE

REF: A. KABUL 4872

[B](#). TASHKENT 3214

Classified By: AMBASSADOR RONALD NEUMANN. REASONS 1.4 (B,D)

SUMMARY

[1](#). (SBU) A diesel fuel shortage in Afghanistan threatens to leave Kabul, Kandahar and other regions cold and in the dark this winter. USAID currently provides the GoA with diesel fuel for power generation that is both expensive and logistically challenging to supply. Recent losses of diesel fuel supplies from Kazakhstan and Uzbekistan have raised concerns that supplies may be inadequate to meet increased winter demand and could place the GoA in a politically vulnerable situation. Embassy is working to manage the situation: Ambassador is being provided daily sitreps of fuel deliveries to major cities, with additional fuel resources steered to areas in greatest need. USAID is now working with an expanded number of fuel suppliers to minimize the risk of supply chain disruption and has amassed a ten day supply of diesel, the largest accumulation of reserves in winter months in Afghanistan since USAID took over the program in 2003. While significant USAID, international donor and IFI resources are dedicated to rebuilding Afghanistan's shattered power infrastructure, this massive reconstruction effort will not provide significant relief until late 2008 at the earliest. To help cover Afghanistan's interim emergency power needs, Post intends to ask major donors here to consider creating an Afghan emergency fuel fund to share the near-term fuel supply burden. End Summary.

DIESEL FUEL FOR AFGHANISTAN: EXPENSIVE AND SCARCE

[2](#). (SBU) In 2003 USAID, at the urgent request of the GoA, assumed responsibility from the (World Bank-managed) Afghan Reconstruction Trust Fund to provide diesel fuel for power generation in Kabul, Kandahar, Lashkar Gah and Qalat. This fiscal year, USAID is budgeted to spend USD 55 million appropriated in the FY 2005 supplemental on diesel fuel deliveries to the GoA. However, increased fuel prices over the past year have raised the cost of providing equivalent levels of diesel-generated power to approximately USD 83 million for the current fiscal year. The GoA is aware that this shortfall will require them to make additional unpopular rationing allocations.

[3](#). (SBU) Unreliable suppliers, logistical problems bringing tanker trucks across the border, poor winter weather conditions, inadequate roads, corruption and a difficult security situation all contribute to produce an unusually complex supply challenge. Diesel fuel suppliers for USAID and the U.S. military have been unable to obtain fuel from Kazakhstan and Uzbekistan. Embassy Almaty informed post that the Kazak government suspended all diesel fuel exports in mid October to ensure adequate domestic supplies for the winter. Uzbekistan, another prior source of diesel fuel imports to Afghanistan, has been suffering from a severe fuel shortage for the last three months and is no longer able to export diesel fuel (Ref B). The loss of diesel supplies from Central Asia has exacerbated an already difficult fuel situation.

DRIVERS KILLED DELIVERING FUEL

[4](#). (C) USAID currently has diesel reserves to guarantee power generation for ten days (a large margin by local standards: In the past reserves have dropped to as low as a two day supply). Suppliers have contracted with USAID to provide sufficient fuel through the end of February. However, in the past contractors have proven unreliable in delivering on their commitments and winter weather conditions

in the coming weeks may become treacherous. Diesel fuel can only be imported into the country overland via a dilapidated road system that crosses mountainous terrain. The security situation in Afghanistan also hampers fuel imports. USAID reports that since September, 2004, 27 truck drivers and other contractors have been killed trying to deliver fuel into Afghanistan. Approximately two dozen tanker trucks have been stolen, destroyed or seriously damaged over the same period. CFC-A reports that four drivers carrying aviation fuel have been killed in the last six weeks.

TOO MUCH DEMAND, TOO LITTLE POWER

15. (C) User connections in Kabul alone have increased from 70,000 to 110,000 in the last two years. Consequent increased demand is straining a fragile and already overburdened urban power generation and transmission infrastructure. The GoA faces grousing and the potential for large-scale public discontent as the country's power grid, especially in the capital, suffers from blackouts of increasing duration. Local Afghans report that electricity in parts of Kabul is often unavailable for days at a time and that regular power availability can be as low as five hours a day.

WHAT WE ARE DOING

16. (C) Embassy is moving aggressively to head off a potential diesel crisis this winter. Ambassador is being provided daily sitreps of fuel deliveries to major cities, with additional fuel resources steered to areas in greatest need. USAID is working with an expanded number of suppliers to ensure that difficulties of any one provider will not cut off the supply. Most importantly, USAID has amassed a ten day supply of diesel, the largest amount of reserves on hand in winter months in Afghanistan since USAID took over the program in 2003. USAID will continue to augment these reserves as supply and storage capacity allow.

COMMENT

17. (C) Significant USAID, international donor and IFI resources are being put into the coordinated reconstruction of Afghanistan's shattered power generation, transmission and distribution infrastructure, including the construction of a north-south transmission line that will end Kabul's dependence on costly and environmentally unfriendly diesel generation (Ref A). The bulk of this massive energy grid reconstruction, however, will not come on line until late 2008 at the earliest. Meanwhile, Afghanistan's improving economy and its increased appetite for electricity are straining current resources to the extent that the Karzai administration could face a political crisis if Kabul and other cities experience prolonged power interruptions this winter. While Post is working proactively to avoid such a situation, ensuring adequate funding for diesel fuel for Kabul and other cities during winter months will be a significant call on GoA and donor resources for at least the next few years. Accordingly, Post intends to ask major donors to consider creating and contributing to an Afghan emergency fuel fund to share the near-term burden of keeping the lights on in Kabul.

NEUMANN